

# CRUDE OIL PROFITS UP 100%

Corporate profits from sale of Western Canadian oil and gas doubled in 1973 over 1972 levels. Profits have increased nearly tenfold since 1969, even after deducting expenditures on Arctic exploration. Oil profits passed the \$1 billion mark in Alberta last year.

## GROSS PROFITS AND DEFICITS, WESTERN CANADIAN OIL AND GAS INDUSTRY (millions of dollars)

Year	Sask.	Alta.	Arctic*	Other**	Total
1969	\$68	\$120	\$87	\$6	\$107
1970	79	269	-114	45	279
1971	106	364	-174	64	360
1972	108	631	-241	-22	476
1973	136	1161	-265	-11	1021

Source: Canadian Petroleum Association

Notes:  
\* Since to date there has been virtually no production from the Arctic. This column is effort given to expenditures on exploration in northern Canada.  
\*\* Includes British Columbia and Manitoba.

These and other revealing facts are contained in the "1974 Review and Forecast" just published by *Oilweek*, the trade journal of the Canadian oil industry.

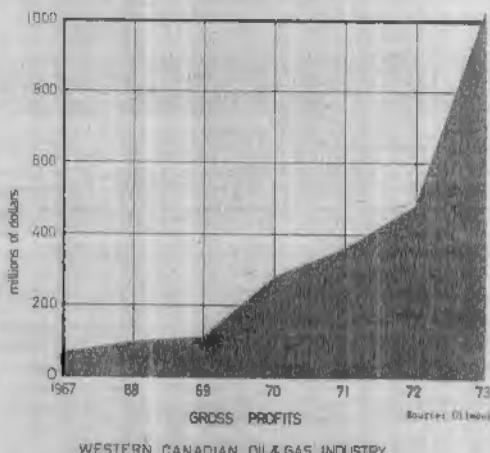
In Saskatchewan 1973 oil and gas profits increased "only" 26% over 1972. However nearly half of the price of a barrel of oil produced in Saskatchewan in 1973 was sheer profit.

Based on data published by the Canadian Petroleum Association the Saskatchewan oil industry had by the end of 1973 recovered all of its investment in the province, and earned a 11% annual rate of return on it since 1947. In other words, if nationalized without compensation tomorrow, the Saskatchewan oil industry

would have earned a rate of return double the average for Canadian corporations (5% in 1970).

There remain however 800 barrels of proved Saskatchewan oil reserves. Without investing another dollar, the oil industry stands to make an annual profit between 37% and 65% on this oil over the next decade—even assuming oil prices stay at their present frozen level of \$3.38 per barrel.

What do these facts tell us about the "energy crisis"? First, offshore oil-producing countries, having banded together into the Organization of Petroleum Exporting Countries (OPEC) clearly showed once again the power of collective bargaining. During 1973 they quadrupled their oil royalties from an average of \$1.75 to \$7.00 per barrel, on oil costing incidentally 10 cents per barrel to produce. Secondly the major oil companies exploited the OPEC moves to their own advantage, increasing prices on oil imported from OPEC countries by more than the royalty increases. Until the price freeze tem-



## COSTS AND PROFITS PER BARREL OF SASKATCHEWAN OIL, 1973 (one barrel equals 35 gallons)

Total Costs .....	\$1.60
Exploration and Development Costs	\$0.63
Producing Costs .....	0.62
Provincial Royalties .....	0.35
Profit .....	1.40
Average 1973 Price Received by Oil Companies	3.00
Average Price Received by Oil Companies since Price Freeze for Saskatchewan Oil .....	3.38

Source: *Oilweek*

porarily halted it, they were also increasing prices of oil produced in Canada—by 33% since November 1972. The ability of the oil companies to pass on Arab royalty increases and to hike domestic crude prices is clear evidence of the power of the industry.

Despite all the talk of oil embargoes and shortages, the tonnage of oil leaving Middle East oil ports was up 40% in December 1973 over December 1972. As the Shah of Iran has stated publicly, any supply shortages are the result, not of producer embargoes, but of oil company manipulations designed to buy off independent companies that in recent years have been eating into the major companies' market shares. Fear of shortages has also served to elicit more government subsidies to oil companies in the form of exploration incentives, and to muffle environmental protests.

## ENERGY SPECIAL

# WAFFLE NEWS

MARCH, 1974

## HOW NOT TO END THE RIP OFF

"I want to say, Mr. Speaker, that Sask Oil will be created as quickly as the enabling legislation is passed."

That was the Honourable Kim Thorson, then Minister of Mineral Resources, urging quick passage last April of Bill 92, enabling legislation to set up the provincial crown oil company. The legislative move was the government's attempt to oblige the growing demand, from the Waffle and progressive elements within the NDP and trade union movement, for implementation of official NDP policy calling for nationalization of the provincial oil industry.

When we tried to contact the Sask Oil office in March we were given the phone number for Professor Vigrass' university office at the Regina campus. Professor Vigrass, incidentally, was appointed chairman last September of the Board of Directors of the Saskatchewan Oil and Gas Corporation. That title may be the most impressive thing going for this corporation.

We have since learned that Vigrass lost out in a behind the scenes shake up over Christmas. In December, Elwood Cowley replaced Kim Thorson as Minister of Mineral Resources. In

January the cabinet removed Vigrass as Director of SaskOil, and Cowley assumed the title himself.

Therefore in a continued effort to contact SaskOil, we finally contacted Elwood Cowley. When will Sask Oil actually do something?

He crossed his fingers and declared wistfully, "I hope that staff will be in place by April." Maybe. Maybe not. In any event nobody in the government seems to care very much.

David Lewis has rightly condemned the federal Liberals for the "corporate tax rip-off". In 1970 Statistics Canada reported that corporations engaged in production of mineral fuels paid a mere 15% of their corporate earnings in income taxes. In one of the understatements of the year the federal government's Energy Policy for Canada admitted, taxation of the petroleum industry in Canada is more favourable than most other countries in the world...it is not designed to capture a very high percentage of the economic rent."

So much for Ottawa. But what has the NDP in Regina done about the rip-off? The unavoidable conclusion is—nothing.

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# OIL RESERVES DROP

Saskatchewan currently accounts for 12% of Canadian oil production. We are net exporters of about two-thirds of our crude oil.

At the end of 1973 Saskatchewan reserves were down to 775 million barrels from a maximum of 980 million back in 1966. At 1973 production levels of 86 million barrels the reserve life is only about nine years. Elementary logic would dictate that Saskatchewan should phase out its export of crude oil to the U.S.

In the throne speech Premier Blakeney announced his government's intention to reduce oil exports to the U.S. However in an about-face Mineral Resources Minister Cowley on March 13 stated he was "pleased" to announce a 45,000

barrel per day increase in exports of Saskatchewan oil to the U.S., allowed by the National Energy Board.

In 1972 Saskatchewan crude oil was sold in the following markets: US (50%), Ontario (39%), Manitoba (10%), Saskatchewan (2%). Very little of the oil produced in Saskatchewan is actually consumed in the province. Most of the oil we consume comes from Alberta, while Saskatchewan crude is piped out of the province. The Regina Imperial refinery is scheduled to close this year—the fourth Saskatchewan refinery closure in as many years. Thereafter most of our oil will not only be imported, but in a refined state. By constructing one large refinery, or two medium ones, Saskatchewan could begin to use its own crude.

As of 1970 the US, with less than 6% of the world's population, was consuming 33% of the world's petroleum. It is not Canada's responsibility to continue satisfying the gluttonous US market. At current production levels Canada's conventional oil reserves have a life index of 13 years. Last year we exported over half our production to the US. (See table below for details). If we continue to export at present levels Canada will face two unattractive options by the end of the decade: 1) become a substantial net importer of offshore crude at high world prices, or 2) develop the Athabasca tar sands on a crash basis at the price of inestimable environmental damage and massive social and economic dislocation to the Canadian economy. (Cont. p. 2)

Back in 1966 the Liberals took 17% of oil and gas revenue in royalties and other provincial taxes. Nobody could accuse the Liberals of excessive taxation. In 1970, their last year in office, they took 13%. Last year that figure had dropped below 11%. Far from ending the rip-off, under the NDP the pathetically small public share has so far continued to dwindle. (See following table for details.)

**Tax Revenues as Percentage of Value of Saskatchewan Oil and Gas Production (millions of dollars)**

Year	Value of Oil and Gas Production (1)	Prov Tax (1) Revenue (2)	% 100%
1960	\$216.0	\$37.1	17%
1968	215.5	34.0	16
1970	208.2	27.9	13
1971	226.6	27.2	12
1972	228.8	27.6	12
1973	280.1	28.0	10

# OIL RESERVES DROP

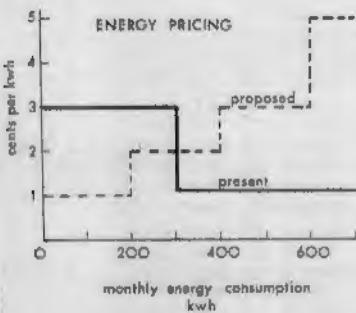
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Herman Kahn, the American defense consultant who achieved fame by calculating megadeaths from nuclear war, is now seriously proposing the second option to the federal government. He would have the Canadian government permit a consortium of governments—US, Europe, and Japan—raise the funds to build up to twenty Syncrude-scale plants costing \$1 billion each and using 30-40,000 imported Korean construction workers.

Alternatively we can phase out exports to the US over, say, the next three years, and thereby achieve a breathing space in which to do some long range planning

which the private oil companies and the National Energy Board have clearly failed to do. Ultimately we will doubtless need to develop tar sands oil—but not under the direction of Herman Kahn.

For Saskatchewan a three year phase out of oil exports to the US would nearly double the reserve life of our present reserves. Further exploration and the extended use of secondary and tertiary recovery techniques may well increase the figure of 775 million barrels substantially. Meantime, as a minimum Saskatchewan should aim for reserves equal to a life index of 25 years. Right now we are producing as if oil will be out of use by 1984.



In these days of the energy crises, there is much talk about higher energy prices as a means to conserve energy. Locking in most proposals is a recognition that higher prices mean lower real incomes for the poor. As shown on the graph using British Columbia residential rates figures, the present rate structure decreases with increasing consumption encouraging over-use. A counter proposal is to reverse the rate structure (dotted line) in order to discourage consumption. (Thereby consumption would be discouraged and the modest consumer would not be penalized.)

### CANADIAN OIL PRODUCTION, CONSUMPTION, IMPORTS AND EXPORTS, 1973 (barrels per day)

Total Oil Production	1,960,000
Alberta	1,640,000
Saskatchewan	230,000
Other	80,000
Total Consumption	1,690,000
Domestic Oil Consumed	810,000
Imported Oil Consumed	880,000
Exports (all to U.S.A.)	1,120,000
Imports (for markets east of the Ottawa Valley line)	880,000

Source: *Oilweek*

# ENERGY NATIONALIZATION FAVOURED

The need for public ownership and planning of the energy industry is becoming more obvious each day. However most politicians, fearing the enormous power of the oil corporations, argue that the public is not ready for major change.



Here as elsewhere, the public is ahead of the politicians. According to a Gallup poll conducted in 1973, nearly half (48%) of those Canadians surveyed favoured nationalization; 36% opposed the idea.

Across the country those who favour the Liberal or Conservative parties reflect this national opinion very closely, but among NDP voters, a large majority (69%) call for nationalization, compared to only 22% who think private enterprise should carry on.

Among those with the lowest income levels, under \$6,000, preference for nationalization is well on to twice the proportion of those who prefer free enterprise. Among those whose family income is \$8000 or more however, there is a rather lower wish for nationalization (45%) together with a higher belief in free enterprise (39%) than among those with lower incomes. Those with public school training only, are much less likely to want nationalization (34%) than are the university educated (59%).

The question put by the Gallup surveyors was:

"The U.S. is currently facing a short-

age of energy resources such as heating oil and gas. Do you think, in view of this, the Canadian government should nationalize our energy resources, such as oil and gas—that is, own and operate them—or do you think private enterprise should still control them as at present?"

The results are tabulated below.

	Nationalize Resources	Private Enterprise	Qualified	Don't Say
NATIONAL	48%	36%	4%	12%
Liberal voters	47	36	8	7
PC voters	45	43	2	10
NDP voters	69	22	3	6
Lower income	50	29	4	17
Middle income	54	36	1	9
Upper income	45	39	8	10
Public school	34	43	2	21
High School	51	35	4	10
University	59	28	0	6

## AN OPEN AND SHUT CASE

Northern Petroleum's little refinery in Kamsack is open—but for how long? The Kamsack refinery story is an interesting case study of corporate greed and of a community's struggle for its economic survival.

The refinery is not an integrated operation, and therefore is subject to "cost-price" squeezes of the oil majors. The refinery itself is old—it came on stream in 1936. It is small—1,200 barrels per day theoretical capacity, 850 barrels per day actual capacity. This is less than 4% of the capacity of the Imperial refinery in Regina. It has no pipeline connections for its crude which therefore has to be trucked in, from Wapella 100 miles to the south. It sells to its customers at a discount relative to the prices charged by its major competitors, and in markets stretching from Estevan to Flin Flon.

Despite all these handicaps Northern Petroleum grossed \$100,000 in profits during its last full year of operation,

providing jobs for 37 people in the refinery and for another 15 in trucking oil products. This provides an indication of just how profitable modern refineries are.

In 1972 the Kamsack refinery was heavily damaged by an explosion and fire that killed a worker. Canadian Propane, owners of Northern Petroleum, saw in this disaster a golden opportunity to earn a quick buck and abandon Kamsack to its fate. The company tried to collect the insurance money for the refinery—and sell the refinery for scrap.

Fortunately for Kamsack, the insurance company refused to pay out unless Canadian Propane repaired its refinery. By March of 1973 the repairs, estimated at \$100,000, were complete and the refinery was operational. Again Canadian Propane decided to close it down, this time hoping to make a quick buck by selling it to a group of Kamsack residents worried about the future of the town. Canadian Propane offered the

refinery to the local group for \$180,000. The group estimated it needed an additional \$220,000 working capital before it could begin operations.

The provincial government entered into negotiations at this stage offering a \$125,000 loan guarantee, and, to its credit, tried to force Canadian Propane to reduce its asking price. David Domrowsky, then Deputy Minister of Industry and Commerce, argued that the salvage value of the refinery equipment was no more than \$10,000 and that Canadian Propane's \$180,000 asking price was excessive.

Faced with government pressure and the inability of the Kamsack group to raise \$400,000, Canadian Propane decided in May to reopen the refinery. Since then there has been considerable renovation and overhaul of the plant, and as of March 1974 it was in operation employing 45 people.

But for how long?

# THE GREAT OIL HEIST

My feelings of energy-crisis paranoia were not helped by running into a friend called Offshore Harry, offshore from the former location of his mutual fund. Harry was once an oil analyst and he still picks up a lot of gossip, so I paid attention.

"What's going on?" I asked.

"What's going on," he said, "is that five countries and seven companies are pulling off one of the great heists of the century. As a matter of fact, a couple of the countries were created by the companies a couple of generations ago, when it was easier for a company to run a country. Now the companies are more like order takers, but there is happiness in the boardrooms."

"I find that hard to believe," I said.

"Look," Harry said, "With the wave of an Arab, everybody with oil in the ground is four times as rich as he used to be. Think of that. You used to have a billion dollars in reserves, now you have 4 billion, you can go down to the Chase Manhattan and borrow an extra couple of billion on your new assets."

"That would figure," I said. "But what about delivering the oil? What about the embargo?"

"Embargo?" my friend snorted. "What embargo? If there were an embargo, all the tankers would be laid up, right? You could go to Rotterdam or Piraeus and see all the crews playing cards. Instead, you can't find a tanker anywhere. Every old Greek hulk whose owner used to pray it would get sunk by a U-boat so he could collect the insurance is out, and traveling slowly."

"Slowly?"

"Sure, if oil is \$4 a barrel when you start your trip, and goes up \$2 a month, what's the hurry? They'd do half the trip in reverse if it wasn't so bad for the engines."

"All I know," I said, "is that the only way I find gas is to cruise around the block, and if I see a long line I drive up to it, because the stations that don't have lines don't have gas."

"In this country," Harry said, "we have a cute situation. Our own domestic oil has price controls on it. So you get a guy loading up at the refinery in Bayonne, N.J., he sails out over the horizon, changes the manifest, comes back to Connecticut and says, 'Hey, you want some Libyan oil?' The manifest-printing business is having a boom."

"There's a lot of oil around?"

"We are awash in it. There's no place to put it. Every railroad tank car is full, traveling around the country. They're putting oil into the oil wells that can hold oil. The whole country is turning into a tank farm. Every motorist keeps his tank topped—that's a big one-time shot right there, multiplied by 90 million cars—and in industry, every purchasing agent is spreading green. When a commodity goes up sharply in price, everybody holds it off the market until the price stops going up."

"I just never believed the conspiracy theory," I said. "Hey is this happening?"

"It's not conspiracy, exactly, it's just that this generation of Arabs has learned it can push the companies around, and the companies don't push back very hard, do they? They got the two things they wanted."

I knew I was supposed to ask, what two things?

"They got rid of the pesky environmen-

talists, they are devoted to their own self-interest and perpetuation."

"The price of oil can't just keep going up, can it?" I asked.

Harry lit an offshore cigar.

"Oil used to be \$1.80 a barrel a couple of years ago. At \$14 a barrel, nobody even knows how much oil there is. Nobody's even turned a teaspoon in the Fereydon-Marjan field in the Persian Gulf, and that's cheap oil. Saudi oil costs a nickel a barrel to produce, going into the tanker; that's a tenth of a cent a gallon. Maybe they're going to save some of that cheap oil and let people dig up the oil that makes money at \$7 a barrel. But sooner or later somebody will sell at \$12 today instead of \$14 tomorrow. The prices will never go down all the way, though, no matter what happens in the Middle East, now that everybody knows

how the game is played."

Shortly after, I had lunch with two Middle Eastern diplomats. Last year we had all expected an energy crisis—somewhere along about March 1982. And we had discussed "The Limits of Growth," the treatise that says how finite are the earth's resources. And what did I think now, they asked.

"I think this is the greatest ripoff since Butch Cassidy and the Sundance Kid used to hit Harriman's railroad," I said.

One of the diplomats had seen the film, I did not even get a rise out of him.

"Butch Cassidy was not a bad guy," he said. "Butch Cassidy was only a bad guy if you owned the railroad."

**Adam Smith**

"Adam Smith," a non de houze, is the author of "Supermoney."

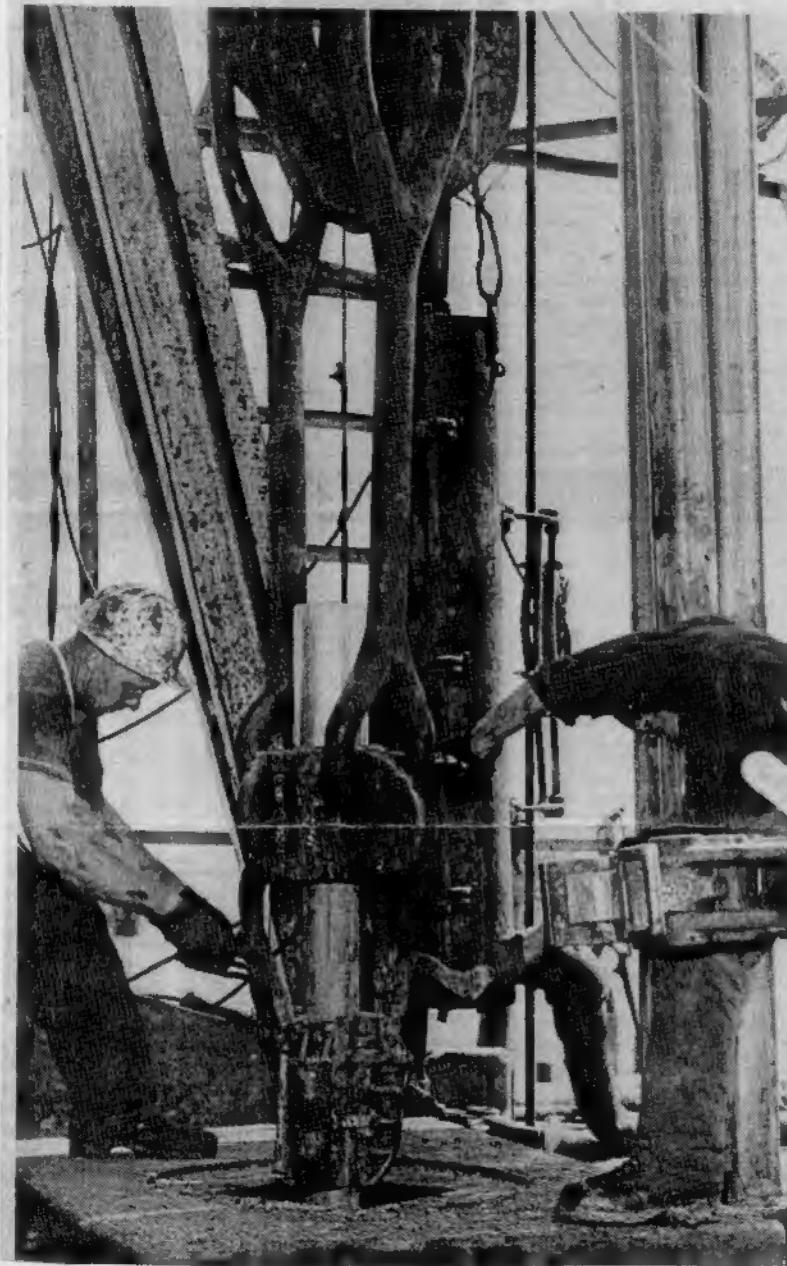
from column 1

talists. You remember all that hue and cry about oil spills off the British Columbia coast? That's the last time you hear crying about a few oily birds and some tar on the beach. Today, if you want to drill in downtown Regina, Mayor Baker will give you a permit and ask when you want to start.

## THE NEW SINGLES BARS

"The other thing is, they squeeze the independent dealer. If you have trouble getting heating oil, who are you going to when this simmers down? Some guy who says, 'Next week, next week,' or one of the majors? As for the independent gas station, my prediction is they will make great singles bars. Corporations are not

→ Column 2  
March, 1974



→ Column 4

# OIL: SOCIALISM OR WESTERN CHAUVINISM

In Canada the first serious government response to the "energy crisis" came from the Trudeau-Lewis coalition when last September Ottawa implemented a price freeze, and export tax on oil flowing to the US. At the time of the freeze Canadian oil was selling for \$4.00 per barrel. Saskatchewan oil—being on average of lower grade—was selling for \$3.38. Since, world oil prices have skyrocketed, and Middle East oil is currently being imported into Montreal at \$10.50 per barrel. The export tax has been progressively increased in line with world oil price hikes—from 40 cents per barrel last September to \$6.40 since February of this year.

The export tax means, for example, that a barrel of Canadian oil sells in Chicago for about \$10.90 (\$4.00 frozen price received by producers + 50 cents pipeline charge from Edmonton to Chicago + \$6.40 export tax). At \$10.90 Canadian oil is still somewhat cheaper than offshore oil of comparable grade.

On an annual basis, and based on 1973 oil export levels, \$6.40 per barrel translates into a fantastic \$2.6 billion in windfall tax revenue. Not surprisingly everybody wants it. The oil companies consider it rightfully theirs based on their unshaken belief that God meant oil, and whatever profits derived from it, to be theirs. Premiers Lougheed and Blakeney want it, arguing the constitutional case that revenue from natural resources belongs to the provinces. Trudeau and Energy Minister MacDonald—with David Lewis conspicuously silent on this one—have argued the federal government's case based on its constitutional authority to regulate and tax interprovincial and international trade.

Sometimes it is hard to keep the protagonists separate. On several occasions Alberta cabinet ministers have stated they intend to give the tax money to the oil companies if they get it. Blakeney has strongly argued the provincial rights case, which suits Lougheed fine, but means that Blakeney is unwittingly serving as front man for the Alberta oil industry.

Blakeney passed legislation last December supposedly designed to levy a "royalty surcharge", on every barrel of Saskatchewan produced oil, equal to the difference between the international market price and the price at the time of the freeze (\$3.38). Theoretically such a royalty surcharge could be up to \$7.50 per barrel and yield—at 1973 production levels—\$650 million annually, nearly three-quarters of the 1974-75 budget. However the royalty surcharge is zero unless Blakeney can sell Saskatchewan oil above the current frozen level, because the legislation leaves intact corporate profit levels established prior to the federal price freeze. It constitutes in effect nothing more than a bargaining position to take to Ottawa in Blakeney's bid to get as much as possible out of the federal government.

Despite being primarily directed against Ottawa, the legislation naturally drew opposition from the oil industry which would like to see oil prices continue upward. Having earned record profits on Western Canadian production, the oil majors were in no position to protest loudly, and so left the fight to the small independents working marginal fields. There are marginal developments needing oil profits above 3.38 to be profitable, just as there is land so poor it would take \$10.00 per bushel wheat before a farmer could profitably cultivate it. However these marginal cases are red herrings, drawn into the debate to confuse the central fact—on average Saskatchewan oil costs \$1.60 to produce, including provincial royalties.

Blakeney argues that the producing provinces should be able to sell their oil at world prices. Why, he argues, should Ottawa freeze oil prices and let prices of lumber, food, etc. inflate? Why should Ottawa get the \$2.6 billion from the export tax? Blakeney has thus posed as the "Champion of the West", fighting Ottawa to let the price of oil rise and thereby let his royalty surcharge yield substantial provincial revenue. In order to protect the oil consuming public from these higher prices, he argues for a price subsidy to be paid for by the provinces on the basis of "ability to pay."

At the January Ottawa energy conference Blakeney obviously settled for a good deal less. He agreed to charge no more than a \$1.00 royalty surcharge per barrel, while Ottawa agreed to continue paying direct to each producing province 50% of the export tax revenue derived from oil produced in the respective province. The short term deal worked out at Ottawa will mean "only" \$200 million in annual revenue for Saskatchewan. However given the pressure from Alberta, Saskatchewan and the oil companies, oil prices will doubtless rise shortly above the current frozen levels, yielding more provincial tax money but also higher corporate oil profits.

Blakeney's argument, that producing provinces should be able to sell their oil at world prices, has some merit when applied to Saskatchewan. If Blakeney had his way the royalty surcharge would yield over \$700 per capita. Since Saskatchewan's per capita income in 1972 (the latest year for which figures are available) was \$782 below the Canadian average, there seems to be justice in the proposal. However, applying the same formula to Alberta would be absurd. Evenly distributed it could mean an increase in that province's per capita income by a phenomenal \$2700 when on average it is already above the national average. Incidentally, \$2700 is more than the average income in Newfoundland. The bulk of new oil revenues earned by the federal and provincial governments is being given back to the oil companies through various handouts. Our continentalist resource policies work to the disadvantage of working people in every region of Canada, in Alberta and Saskatchewan as well as in the oil-importing provinces. The conclusion seems obvious. The details of federal-provincial bargaining are secondary to the need for public ownership and control of our energy resources.

On occasion Blakeney has referred to public ownership of oil. Once during his tour of Eastern Canada he stated, "public ownership of Canada's oil industry...is essential for national development". Although such statements constitute little more than rhetoric, it is easy to succumb to a "sour grapes" sentiment that Blakeney is co-opting socialist issue. Instead we should be pleased at the extent to which the energy debate has become a major political issue and that we may in some small way have contributed to the re-education of the Premier.

Blakeney's re-education however, is only important to the extent it leads to concrete moves towards a publicly owned Canadian oil industry. One SASK OIL cor-

poration actually in operation as a nationalized integrated company supplying all Saskatchewan needs would be worth a thousand radical speeches by the Premier. Our task therefore is to continue to lead the political debate and insist upon nationalization of the provincial oil and gas industry now, as a precedent for the rest of Canada.

The basic thrust of Blakeney's oil policies has been a "regional chauvinism"—arguing Saskatchewan's right as a traditional have-not province to the tax money raised by Ottawa on oil. Decidedly there do exist regional inequities in Canada. However for any government to justify procuring vast new revenues on higher oil prices, it must show evidence of deserving them—by launching vast new programs that could legitimately be called "socialist". For example it is feasible, with the oil revenue, to launch a program of public land assembly on a scale resulting in complete public ownership of Saskatchewan land within a decade. Thereby we would be rid of interest payments to external financial institutions, and could plan rural development as we saw fit. Secondly, we could fund sufficient economic development projects in the North to end the colonial subjugation of that half of our province.

To date neither Blakeney nor the Waffle has prepared socialist programs of scope to justify our acquisition of vast new wealth from oil. It is our task to lead the political debate out of the rut of ever bigger highway budgets (the highway capital budget is going up 25% this year over last) and to pose some imaginative blueprints that could inspire Saskatchewan people to abandon the false security of liberal mediocrity and risk supporting a socialist movement.

# WAFFLE

## WHO WE ARE.....

The Waffle is a membership organization of politically concerned people in Saskatchewan who adhere to a socialist philosophy and support measures to achieve Canadian independence. Many of us until recently were active in the NDP.

## OUR HISTORY.....

The Waffle formed nationally in 1969 as a group of socialist supporters of the NDP. Between 1969 and 1971 we organized provincial sections across Canada and mounted a major challenge to the conservative program and strategy of the NDP. At the Saskatchewan NDP leadership convention in 1970 Waffle candidate Don Mitchell received 25% of the delegate vote. Federally Waffle candidate Jim Laxer gained 37% of the vote during the 1971 federal leadership contest.

Challenges by the Waffle movement, attempting to move the NDP in a socialist direction reached a peak in 1971. The NDP polarized into social democratic and socialist groups and since then Waffle activity increasingly shifted outside the framework of the NDP in the form of public educational programs and study groups.

Gradually we have witnessed a change in Saskatchewan politics whereby the historic difference between the Liberals and NDP has been sharply reduced. As the political lines became increasingly blurred, Wafflers, although hesitant about withdrawing active participation and support for the NDP, have decided a new alternative is essential.

In the summer of 1972 the Ontario Waffle was forced outside the NDP and now exists independently. At a provincial membership conference in Moose Jaw last October the 200 delegates present voted overwhelmingly in favour of leaving the NDP and working towards the formation of a socialist party in Saskatchewan.

## WILL THE WAFFLE BE "JUST ANOTHER PARTY?"

The Moose Jaw conference last October did not find a new political party. That remains to be done. Meanwhile active discussion is going on around the province on the exact nature for a new organization.

## ARE YOU INTERESTED?

If you found this tabloid on energy useful, if you think there is a need for a new socialist party in Saskatchewan and Canada, contact us at the above address.

## A SOCIALIST ENERGY POLICY FOR CANADA

These policy statements summarize the policies adopted by the Saskatchewan and Ontario Waffle at meetings held in Saskatoon (12-13 January, 1974) and in Winnipeg (8-10 March, 1974). We believe they constitute a basis for any rational new policy directions.

### 1. Nationalization without compensation:

The central issue in the future development of Canadian resources is whether Ottawa or the provinces control these resources. Neither of them do, and under the present economic system, neither of them can. The real question is whether the working men and women of Canada will refuse to be divided by Trudeau, Lougheed & Co., and instead will take back their own resources, placing them under public ownership.

All Canadian energy industries and facilities must be brought under public ownership. As a precedent Saskatchewan should nationalize all provincial energy industries under its jurisdiction, i.e., oil, gas, coal.

In the case of oil and gas the corporations have already earned excessive profits, and (except for small shareholders who should be compensated) the oil industry warrants no further compensation.

### 2. Balanced development of energy resources:

A crown energy company should develop energy resources in a balanced manner, making the best use of alternative energy sources as well as oil and gas.

Secondary processing of these resources should be spread across the country, and not concentrated in any one province.

### 3. Priority of the environment:

Research into environmentally sound energy sources and methods of development must be given top priority—as well as public education programs designed to encourage new attitudes and practices. Working people have the right to full disclosure of information, particularly concerning industrial practices endangering their health and livelihoods.

Environmental protection must be assured before any major energy and industrial projects are launched, and not tacked on as public relations gimmick after the basic decisions are taken.

### 4. Pricing of oil:

The price at which oil sells in Canada should not be below the current frozen level of \$4.00 per barrel, but the actual price should be determined by the following considerations:

- The pricing system must discourage wasteful and excessive use of our finite energy resources. (For example, unit cost prices should rise with increasing consumption as opposed to current pricing which encourages waste by lowering unit costs the more consumed.)
- Subject to transportation costs, there must be one price for oil and gas across Canada. For Northerners in frontier regions transportation costs should be subsidized.
- Manipulation of prices, such as Alberta Premier Lougheed's various two-price policies designed to subsidize Albertan industrial development with cheap fuel, must not be used as a basis for economic development. This leads to subsidy of industry in one region at the expense of unemployment in others. Canada needs separated development programs designed to end its position as a resource hinterland of the US, and to assure that future industrial growth occurs in the primary resource regions of Canada—the Prairies and the Maritimes.
- The price must be sufficiently high to cover replacement costs of more expensive energy sources such as the tar sands, and still yield large surpluses that can be used to finance new socialist programs.

### 5. Development of Northern energy resources:

Such developments should be undertaken only by negotiations with the original inhabitants of the North and after recognition of native rights. There must be a moratorium on the Mackenzie Valley pipeline.

We support the struggle in Quebec to halt the James Bay project.

### 6. Exports:

Oil and gas exports to the US must be phased out over a three year period to gain time and conserve resources for Canadian self-sufficiency. Cancellation of exports is also necessary to prevent the need for dangerously rapid development of frontier and tar sands energy. Canada faces the likelihood of serious shortages of conventional oil in the next decade.

The past export of natural gas has also been seriously mismanaged. The National Energy Board has betrayed the public interest of Canada in its handling of our energy resources. We therefore demand an immediate public enquiry into the National Energy Board's past decisions and present procedures.

### 7. Self-sufficiency:

As a national priority Canada must immediately construct an all-Canadian oil pipeline linking Western Canada with those parts of the country currently dependent on imported oil. The present Interprovincial Pipeline route, passing through the US, poses a threat to our independence.

### 8. Public ownership of the tar sands:

The tar sands should be developed, but at a rational pace and only under public ownership. The Syncrude deal must be scrapped. Great Canadian Oil Sands nationalized, and all tar sands leased placed at the disposal of a crown energy corporation. Tar sands development must only be undertaken after full regard to the social, economic and environmental impact.

### 9. Workers' control:

In a socialist Canada, any crown energy company must recognize the principle of workers' control in its internal management. It must not merely replace private managers with equally bureaucratic public managers.

NYC

P.O. Box 3446, Regina

The lack of left wing information and analysis in Saskatchewan's establishment media led the Saskatchewan Waffle to found *Next Year Country* in October 1972. The magazine is primarily a vehicle for in-depth reporting on major Saskatchewan issues from a socialist perspective.

The current issue contains stories on the following topics:

- Risks posed to our forest by proposed government expansion projects.
- Education Minister MacMurchy's plans to close down rural schools.
- A successful labour struggle against Morris Rodweeder in Yorkton.
- Problems at the Regina community clinic and the challenge to doctors by women's health centres.
- The betrayal of the promise of the Department of Northern Saskatchewan.
- Irrational pricing of prescription drugs across the province.

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## URANIUM

# BOOM FOR WHO?

Energy sources can be divided into two broad categories: renewable and non-renewable. Solar power, plant energy, and certain well-planned hydropower developments fit into the renewable category, while coal, uranium, natural gas and oil are non-renewable.

Saskatchewan has sizeable reserves of coal and uranium.

### COAL

As the accompanying bar graph shows, the largest source of non-renewable energy in the province is coal. Saskatchewan today produces about one-fifth of the nation's coal, chiefly for electric power generation in Manitoba and Saskatchewan. Ownership and control of Saskatchewan coal production is completely in the hands of private enterprise.

For the fiscal year 1972-73 coal production amounted to \$6.5 million, with the public return in the form of royalties and rentals amounting to \$337,000—a mere 5% of the total.

### URANIUM

The uranium industry in Canada has gone through a boom and bust cycle, and is now approaching a boom once again. Uranium production in Saskatchewan peaked at \$59.5 million in 1959, during the height of the U.S. nuclear weapons buildup, declined to a low of \$8.4 million by 1971, and rose slightly to \$9.3 million in 1972.

Large numbers of nuclear electric plants requiring uranium for fuel are now being planned or built—250 in the

United States alone, with their construction schedules being speeded up as a result of oil price increases. Consequently, uranium production will rise dramatically.

Two large foreign corporations—Gulf and Uranerz-Bonn—will shortly be starting a \$50 million uranium strip mine at Rabbit Lake in Northeastern Saskatchewan. Government subsidies for this new mine are enormous. Already the provincial government has constructed an all-weather 150 mile road costing \$3.4 million from Southend on Reindeer Lake to the minesite. For the first three years of operation of the mine, there will be no royalties whatsoever on production, and after that time the royalty will amount to a mere 9% of profits (not sales) from the uranium production. To get some idea of the small amount of royalties that will accrue to the province, we can take a look at the figures for all of metal mining for 1972-73. Total Saskatchewan tax revenues (royalties, rentals, and fees) amounted to \$470,000 on total sales of \$282 million—a simple calculation tells us that the public return was under 2%—less than the sales tax. So much for the great benefits of metal mining to Saskatchewan.

A French group—Amok Ltd.—is planning to construct another uranium mine at Cluff Lake in northwestern Saskatchewan. The estimated cost of this mine is \$40 - \$50 million, with production planned to start in 1977 or 1978. Once again, a free road will be constructed at public expense to the minesite, this time from La Loche. One of the hasty sidelights of the project is that some Saskatchewan uranium will go to the French nuclear weapons manufacturing agency—Commissariat de l'Energie Atomique. The NDP has denounced the French atmospheric tests; but they are completely willing to let the French use Saskatchewan's uranium for their bombs.

# **CANADA'S OIL INDUSTRY— PUBLIC OR PRIVATE?**

**A DEBATE**

65

**BETWEEN**

**JIM LAXER**

**Author: 'The Energy Poker Game'  
and 'Canada's Energy Crisis'  
Ontario Waffle Spokesman**

**DOUGLAS MacALLAN**

**Vice President,  
Corporate Affairs  
Imperial Oil Limited**

**MODERATOR:**

**HARRY BROWN**

**Co-Host, CBC Radio's  
'As It Happens'**

**FRIDAY, APRIL 5th, 1974**

**AUDITORIUM — 252 Bloor Street West, (at St. George Subway)**

**8-10 p.m. — Admission Free**

**Evening sponsored by the Ontario Waffle**

**In addition to Friday evening's debate, the  
Ontario Waffle is presenting the  
following sessions on SATURDAY, APRIL 6,  
1974:**

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**11 a.m. - 12.30 p.m.**

## **CANADA'S OIL-A U.S. RESOURCE?**

**Panelists:**      **Anne Forrest**  
                         **Jim Laxer**

**Chairperson:** **John Hutcheson:**

---

**2 p.m. - 3.30 .pm.**

## **CANADIAN RESOURCES & CANADIAN JOBS**

**Panelists:**      **Mel Watkins**  
                         **Doris Jantzi**

**Chairperson:** **Ed Bazylinski**

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**The above sessions will be held at:**

**Emmanuel College (at Victoria College)**  
**75 Queens Park Crescent**  
**(opposite the Planetarium)**  
**Toronto**

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# Economist says auto pact is

Debate over the Canada-U.S. automobile agreement revived last week when it was revealed that the United States last year offered to rewrite the pact and Canada refused.

In his new book, Canada's Energy Crisis, Toronto economist James Laxer contends that the auto pact is the linchpin of the continental economic structure that works to Canada's detriment.

Here is part of his argument:

There is one single pressure point that can be used as a precision instrument to guarantee Canadian compliance with American resource demands: the Canada-U.S. auto pact.

Donald Macdonald remarked in the fall of 1973 that Canada cannot cut back its exports of oil to the United States without facing retaliation, perhaps in the form of cancellation of the auto pact. The auto pact is the most important insurance the Americans have to protect them from any attempt to disrupt their ownership of the Canadian petroleum industry, or any move to prevent the development of Canadian oil and gas in line with continental demand.

Auto production is the central industry in Ontario, the nation's most industrialized province. At stake are not

merely the 85,000 jobs in Canada's auto industry, but jobs in all the industries which supply the auto industry—steel, glass, plastics, textiles, electrical products and rubber.

The auto pact was the golden achievement of the federal Liberal government in the 1960s. The deteriorating condition of Canada's auto industry in the early '60s left the government with two basic choices: It could push for a single, integrated auto industry on the North American continent or encourage the development of an all-Canadian auto industry, modelled on the western European experience.

The Liberal government chose the continental option. And, as we know from a U.S. Senate study on the multi-national corporation, the U.S. entered into the auto pact to prevent the evolution of a Canadian auto industry.

The goal was ultimate free trade in assembled autos and in auto parts. One continental auto market, serviced by giant American producers, was the vision.

Safeguards ensured that Canadian production would not fall below the 1964 level and would rise at least to the extent of 50 per cent of the increase in Canadian purchases of North American cars and 50 per cent of the increase in

THE TORONTO STAR, Mon., April 22, 1974 C \*3

## INSIGHT PAGE

# lever to control us

Canadian purchases of North American commercial vehicles. In addition, the auto companies agreed to pour extra investment, amounting to \$250 million more than the safeguards in the pact guaranteed, into Canada between 1965 and 1968.

The early years of the auto pact seemed a shining success story.

There was a marked increase in productivity in the Canadian industry and a transfer of management functions from Canada to the United States. Canada increased its share of North American auto production. In 1970 and 1971, for the first time, Canada had a small surplus in its auto trade with the U.S. (although even in these two years there was a Canadian deficit if you counted the profit U.S. subsidiaries in this country sent home.)

Growth in Canada's relative output in the industry was not matched by growth in Canadian auto jobs relative to the North American total. The proportion of Canadians to Americans employed remained exactly the same as it had been in 1964.

Once Canada's auto industry was securely integrated into the continental framework, American pressures for

revision of the pact began. The pressures came in the form of statements delivered in the U.S. Congress and President Nixon's call for removal of the Canadian safeguards from the auto pact. Nixonomics invited American corporations exporting goods from the U.S. to write off 50 per cent of the taxes on their foreign sales. This was an enormous inducement to the auto companies to export more to Canada from their American operations.

In 1972, Canada returned to a deficit position in its auto trade with the U.S. The deficit grew steeply to \$300 million for the first three quarters of 1973.

The auto pact is the ideal pressure point for maintaining U.S. control of the Canadian economy, because the importance of the pact is so much greater for Canada than for the U.S. Its cancellation would deny Canada access to 60 per cent of its present auto market and would cut off the flow of parts—without which this country could not produce any automobiles—to Canada.

It is not surprising that domestic American politicians who have not been housebroken as diplomats often publicly demand that the U.S. use the threat of cancelling the auto pact to bring Canada to terms on other issues, such as oil.

→ P. 2

# THE ENERGY TRAP

## What's ailing Canada's resource policies?

## Our U.S.-linked economy, new book says

By JAMES LAXER

Why do Canadian governments allow American corporations to export half of Canada's petroleum and capture most of the profits from the nation's petroleum industry?

Why do they allow a continental demand pattern to set the pace of Canadian energy development, when it is so clear that such a policy will quickly increase energy prices for Canadians?

Why do they tax American-owned petroleum companies at the lowest level of any corporation in Canada, when they provide so few jobs for Canadians?

The first response to such questions might be to search for Canadian politicians in the pay of the oil companies. While undoubtedly such cases exist, they do not, in themselves, explain very much. Corrupt politicians and oil company contributions to political campaign funds help to grease the wheels on a day-to-day basis. But they do not adequately account for a situation in which the nation's entire development strategy can be distorted over a very long period of time.

Canada's continental energy policy can only be explained as an aspect of American corporate and state control of the entire Canadian economy.

Canadians are often told that in a country so diverse regionally it is natural that some regions export resources while others specialize in manufacturing. But rather than accepting the disintegration of Canada's national economy as a natural phenomenon, it should be understood as the logical outcome of the peculiar nature of Canadian business.

Canadian capitalists have always specialized in serving as commercial middlemen in someone else's empire. Canadian merchants and bankers have profited from the volume of domestic economic activity generated by the ventures of foreign firms in Canadian resource and manufacturing industries.

Since World War II, foreign corporations in resource extraction and in manufacturing have become so dominant in Canada they have replaced Canada's native trading and banking businessmen as the decisive consideration in establishing Canada's economic policies.

Canada's economic history since World War II has evolved in response to the economic fortunes of the American empire.

During the decades of clear US hegemony in the capitalist world, from 1945 to the mid-1960s, American investment poured into Cana-

**★ Canada's ties to the U.S. economy hold her back from an independent energy policy, James Laxer writes in a new book, *Canada's Energy Crisis*, published this month by James Lewis & Samuel. Laxer, right, long a spokesman for economic nationalism, lectures in economics at York University. Here are excerpts from the book.**



dian resource and manufacturing industries

It was the U.S. need for Canadian resources that established this country's strategic importance in the American empire. The era of American world power was also to be an era of growing American dependence on raw materials from many countries. Since 1900 the United States has gradually shifted from being a net exporter to a net importer of raw materials. By the mid-50s, the United States was importing over half of its required metals.

Since World War II the export of Canadian primary products to the United States has grown steadily. Rather than becoming more diversified, over the past two decades, Canadian trade has become more narrowly centered on the United States. Between 1950 and 1970, the proportion of Canadian exports destined for the American market increased from 60 to 68 per cent, and the proportion of Canadian imports from the U.S. increased from 67 to 71 per cent.

During the '50s and early '60s when American investment was widely regarded in Canada as the key to growth and prosperity, Canada's manufacturing industries were being steadily reduced to warehouse and assembly operations.

### New awareness

In the mid-60s Canadians began to awaken to the effects of US control of their economy and their state institutions. By this date, more profits and dividends were flowing south than were being replaced with new foreign investment from the U.S. By the end of the '60s, American corporations were financing 90 per cent of their investment in Canada through the reinvestment of profits made in Canada and through money borrowed on the

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### Canadian money market

Also by the mid '60s, the United States was running into serious difficulty in maintaining its domination of the world capitalist economy. Western European and Japanese industries were invading the American market and were providing stiff competition for American industries located outside the United States as well.

While in 1960 the U.S. enjoyed a \$5 billion surplus in its manufacturing trade, in 1972 this had become a \$7 billion deficit. And in the later years of the '60s America's competitors achieved gigantic surpluses in their manufacturing trade. For example, West Germany, \$16.4 billion and Japan, \$19 billion. The U.S. dollar's position as the reserve currency of the western world was at stake.

In 1968 American corporations began shifting their investments in manufacturing from Canada to western Europe. Their investments in Canadian resources were increased.

The deteriorating trade position of the United States and the weakening of the U.S. dollar led the Nixon administration to undertake its new economic policies on Aug. 15, 1971.

While Canada is not the major cause of America's trade problems, it is clear that this country can be a major part of the solution. Since the launching of Nixonomics, the U.S. has had two overriding objectives in its dealings with Canada: To secure U.S. access to Canadian resources—especially energy resources—and increase Canadian imports of American manufactured goods.

The guarantee of Canada's economic dependency tomorrow is to be found in the structure of the continental economy today.

### A clear pattern

In the winter months of 1974 the pattern of the future was made clear. Figures were released revealing that in December, 1973, while the value of Canadian oil exports was up 52 per cent over the previous December, motor vehicle ex-

ports had dropped 25 per cent. As Canadian resource exports mounted in value, the proportion of North American auto industry capital investment going into Canada was falling sharply. In 1970, 13 per cent of new North American auto investment was located in Canada; by 1973 this had fallen to a dismal 5 per cent.

The pattern is as follows: The Americans import increasing amounts of Canadian resources, thus creating a trade balance in Canada's favor; to offset this, the U.S. government takes steps to augment the already existing tendency of U.S. firms to export parts and components to their Canadian branch plants, in order to deal with the resultant sluggish growth in the manufacturing sector of the economy. Canadian governments turn to giant resource-exporting projects such as the Mackenzie Valley Pipeline and the James Bay Hydro Development. Dependence begets dependence.

The reliance on resource-exporting projects involves giving away Canada's comparative advantage in cheaper materials, resulting in lower American industrial costs and higher Canadian industrial costs. This in turn, heightens the tendency of American manufacturers to export parts produced in their American operations to their Canadian branch plants; and again, Canadian politicians fearful of the country's high unemployment rates look around for more of Canada to sell.

Now that the United States faces serious competition from Japan and western Europe, its need to rationalize Canada's position within its empire has been greatly increased. There is less margin to work with than there was in the good old days of "special status" for Canada within the American empire. Today, it is in the overriding interest of American capitalism that Canada increase its twin role as supplier of resources and consumer of manufactured goods.



from p. 3

CANADIAN ENERGY POLICIES "can only be explained as an aspect of American corporate and state control of the entire Canadian economy," writes

James Laxer in his new book, Canada's Energy Crisis. Cartoonist sees export tax on western Canadian oil as a specific example of that same problem

# Machinery our weak point

There is a clear link between Canada's role as an exporter of raw materials and semi-fabricated products to the United States and the underdeveloped state of this country's manufacturing.

Canada has been a net importer of most types of manufactured goods and has been paying for these with net exports in petroleum, pulp and paper, minerals or non-metals, lumber, wheat and whisky. In 1970 Canada had a \$2.5 billion deficit in its trade in manufactured goods.

## Top importers

Canadians are by far the world's leading importers of manufactured goods, importing \$463 worth per capita per year in 1969 (as compared with \$279 per capita per year in the European Common Market, \$118 per capita per year in the United States and \$41 per capita per year in Japan). Imports of manufactured goods in 1970 amounted to nearly 20 per cent of the final value of the manufactured goods produced in Canada. In the United States imports of manufactured goods amounted to only 4 per cent of the final value of goods manufactured in the U.S.

Canada has been left behind in major high technology industries that have been growing rapidly in the industrialized countries over the past 10 years. The country has been running up increasing trade deficits, this is especially true of the

plastics industry, pharmaceutical products, scientific instruments and electronic computers.

It is largely because of Canada's failure to develop a science-intensive manufacturing sector that the country is often a net importer of a finished product based on minerals that Canada leads the world in extracting. In spite of the nation's net exports of oil and natural gas, Canada is a net importer of petrochemicals. Canada is the world's largest producer of nickel and asbestos but a net importer of manufactured nickel and asbestos products. The country imports much of its fine paper, in spite of its position as the world's leading exporter of pulp and paper.

A striking feature of Canadian manufacturing is the relatively small percentage of the country's work force it employs. In 1962 only 14.7 per cent of the paid non-agricultural work force in Canada was engaged in manufacturing. By 1970 the percentage had dropped to 21.3 per cent. Among western countries, Greece and Ireland have a lower percentage of their work force employed in manufacturing.

At the very centre of Canada's manufacturing weakness is the state of machinery production in this country. It is this sphere of production that makes possible the production in all the other categories of manufacturing. In 1970 Canada imported \$1,783,680,000 worth of machinery, more than the total value of machinery produced in

Canada, and of this amount, \$1,421,809,000 was imported from the United States.

The decisive weakness of Canadian machinery production guarantees Canadian companies a very general U.S. economic objectives. Any Canadian politician destined to substitute Canadian for American priorities in the development of this country's resources would lead to U.S. retaliation in the sphere of machinery production. An interruption of the flow of American-produced machinery into Canada would create chaos in the Canadian economy.

## Dismal record

In addition to the American triumph in the supply of machinery for Canadian industry, the growing dependence of Canadian industry on imported technology weakens its capacity for independent action. A 1972 survey conducted for the Science Council of Canada demonstrated the link between branch plant manufacturing in Canada and the low level of technological innovation in the Canadian economy.

In spite of spending relatively high amounts per capita on education Canada has a dismal record in technological innovation in comparison with other developed countries. This is because branch plant manufacturers normally import technology from their parent companies in the United States rather than develop it here.

(April 27, 1974)

# Finger-pointing the way to oil policy.

## CANADA'S ENERGY CRISIS

BY JAMES LAXER

James, Lewis and Samuel, 135 pages,  
\$10 hardcover, \$3.95 softcover

### REVIEWED BY GEOFFREY STEVENS

James Laxer is one of the fascinating might-have-beens of recent Canadian politics. Three years ago this month, under the banner of the Waffle Movement, Laxer gave David Lewis the right of his life at the New Democratic Party leadership convention.

Since then Laxer and the Waffle have left the NDP or (depending on your point of view) the NDP has left them. The NDP—and it is a decision it may ultimately regret—has chosen to jockey with the Liberals and Conservatives for position in the overcrowded centre of the political spectrum. Laxer has been swallowed up in the political limbo reserved for radicals of the far left and far right.

Although this has narrowed, perhaps seriously, the range of realistic options open to Canadian voters, it has not silenced James Laxer.

Canada's Energy Crisis is Laxer's second book on Canadian energy policy. His first, *The Energy Poker Game; The Politics Of The Continental Resources Deal*, written in 1970, was a slender (just 49 pages of text), unconvincing polemic, stridently anti-capitalist in tone, which offered nothing beyond the standard socialist panacea, public ownership of the country's energy resources.

His new book is infinitely better—more considered in tone, better researched, and more comprehensive in its proposals. It is essential reading for anyone who

thinks there must have been more than Middle East politics behind the world energy crisis, who has trouble figuring out what the Trudeau Government was really saying in its energy analysis of June 1973, or who suspects that Canada's new national oil policy may be neither new nor national—nor, for that matter, Canadian.

Laxer lays the blame for the international oil crisis on the oil industry, dominated by seven gigantic multinationals (five American) without regard for national borders or national interests, not even the interests of their country of ownership.

He argues that the 1973 Middle East crisis and the Arab boycott (as there really a boycott since speeded up a process that was already on) A happy set of circumstances was created in which the interests of the multinationals and the members of the Organization of Petroleum Exporting Countries coincided to create a sellers' market.

Exxon Corporation, the largest of the multinationals, reported that 1973 profits had increased by 59 per cent over 1972. It is revealing that although Exxon's earnings from its U.S. production increased by only 16 per cent, its overseas earnings—despite the boycott rose by 83 per cent.

The impossibility of any national government's controlling, let alone breaking, the power of the multinationals is starkly apparent. Exxon's gross operating revenue is considerably higher than the revenue of the Government of Canada; it controls reserves of just under 50 billion barrels of crude and natural gas liquids around the world, roughly five times the

*From p.1*

# Now for a party

proven reserves in Canada. Exxon's Canadian subsidiary, Imperial Oil Ltd. controls 49 companies and has an income greater than that of eight of the 10 provinces. Two cents of every dollar spent in Canada in 1972 went to Imperial Oil.

Canadian energy policy, Laxer maintains, has long been tailored to serve the multinationals and the U.S. administration, rather than the interests of Canadians. The policy pursued by the Diefenbaker Conservative Government and its successor, the Trudeau Government, saw the portion of Canadian oil production expected to freeze at 50 per cent increase to 52 per cent in 1981 to over 50 per cent in 1972.

Laxer sees no prospect for change under the Trudeau administration. "Although not a work of great vision, this country's energy policy has not been without a centre of gravity. The oil companies have provided the direction and the stakes, I think. And they are leading us all along the continental energy path with a sureness of touch that is absent in the country's political leadership."

He takes the view—and he has a point—that last June's energy analysis, far from being the end of the road, of alternatives, was, in fact, an attempt to project the status quo forward. It was based on the political assumption that "the pace of development of Canada's energy industries will occur in response to continental and not Canadian patterns of demand."

Last September, Pierre Trudeau scrapped the 1961 national oil policy when he announced the price freeze on domestic crude, the imposition of the oil export tax and the decision to push the pipeline

into Eastern Canada. "Much of the media coverage of the Prime Minister's announcement saw it as a Canadian declaration of independence from continental energy policies," Laxer writes. "This interpretation was incorrect. The fundamental decision to scrap the national oil policy was the necessary corollary to the new American energy strategy aimed at the eventual achievement of energy self-sufficiency for itself."

Laxer proposes adoption of a Canadian (as opposed to continental) self-sufficiency approach based on five policy elements: immediate construction of an all-Canadian oil pipeline to Montreal; exploration of east coast offshore fields to supply the rest of Eastern Canada; the phasing out of all oil and gas exports to the United States; gradual development of the Alberta oil sands for Canadian use only; a moratorium on construction of the Mackenzie Valley natural gas pipeline and on any additional gas exports.

The principle of complete public ownership of the country's energy resource industries remains crucial to the Laxer strategy. He would pay compensation to individual shareholders, but not to the multinationals on the ground that they have already been more than adequately compensated for their investment.

But who will carry this strategy to the Canadian voters? Not the NDP. Laxer claims: "David Lewis, the de facto Cabinet minister, had made his small contribution to the further colonization of his country, a contribution which entailed reversing the long-standing NDP opposition to the (Mackenzie) pipeline."

Laxer is left with an energy policy in search of a political party to articulate it.

Motion to have all 6 papers presented, 20 min. each.

Jim Laxer for Exec. paper

paper is in 2 parts 1) merging economic crisis, effects on Can politics  
2) strategy for socialists

1) We are crossing a qualitative line" in crisis of overproduction, one can see gathering recession or depression. (Imperialist regionalization of struggle)  
US position in world imperialism threatened.

Canada tremendously vulnerable due to its lock-in to ONE of these blocs.  
The US attitude towards natural resources -- nations do not have a right of sovereignty over their resources (Canada giving up its sovereignty over pipelines, -- Canada will sign security treaty).

2 new additional factors can be cited this week: 1) Canada's trade deficit in manufactured goods -- proves de-industrialization of Canada; 2) Auto industry deficit of half billion dollars in favor of US this first half year -- there are shortages in Canadian auto plants, but not in US plants.

US needs to rationalize Cdn economy -- as a resources source, manufactured goods market. Canada will face mass unemployment.

The ability of capitalism to determine recession is limited. Entering crisis of capitalism is qualitatively worse than any before.

2) How does consciousness develop? -- need to be cautious, more so than Exec. has been. But our conclusions are correct in seeing a developing working class nationalist consciousness -- workers need this to protect jobs, and the demand will be for the repatriation of the Cdn economy.

Working-class nationalist movement exists today. We are a product of this phenomena -- there will be a heightening class x consciousness in Cda in the crisis that is coming.

In the unions, there will be a polarization between the continentalist leadership and nationalist ranks.

The demand for Canadian unions is now the "cutting edge" of the struggle; it is implicitly radical, anti social-democracy.

We must radicalize the struggle.

We must be the socialist wing of the nationalist movement, the working-class nationalist movement.

The Exec. report says we must relate to and raise the consciousness of the working-class nationalist movement.

The oil companies are worried, they are fighting us with full page newspaper ads. Key layoffs are coming up in the auto industry (400 were laid off at Chrysler today) (?)

About the Alternates (the Cook-McNally forces) this is a sterile debate, not useful, is making us unable to go ahead -- it's mini-left politics. We must agree in basic elements of basic premises, otherwise we cannot be effective.

Is (Executive position) bourgeois nationalist politics? Are we Allendists?

The alternative position begins with historical texts, not with present realities.

Ralph Cook on alternative strategy paper

I was bothered by the analysis of the economy -- which is our starting point, and ~~earlier analyses~~ (earlier analyses) doesn't result in the growth of the movement.

The crux of the matter is our attitude toward nationalism. I have a long record of support for my country (in Cr) (CP couldn't mobilize people) -- I was involved in the Cdn Arts Council struggle which the RCMP broke up and I couldn't get a job for 7 years.

Is Cook a nationalist -- or his group? If we are nationalist, we recognize that nationalism is not enough. "It is potentially progressive", not automatically connected to socialism. There are many people who are nationalists, anti-American, but who are not at all socialist.

A small number are vaguely anti-imperialist.

Exec report -- was it a change in emphasis on the nationalist & socialist strategy? It is a two-stage theory. We would reach a left-nationalist government which would go over to a socialist Canada -- this strategy is a "dead end". Some of these type of governments have been smashed, because the state did not wither away. The state will be repressive.

We must come to power with a fully developed socialist and nationalist program to be victorious.

If your aim is to be a left-nationalist government, you will concentrate on nationalism.

Waffle has failed to develop socialists. Yearly class series not enough. Each group should be actively led by socialists. Many groups have gone to pot (laughter) -- Hamilton Kitchener-Waterloo, after participating in strikes and rallies -- many have been lost to the CP.

We were too busy on "spectacul.rs", one-nite stands, there was no follow-up in Windsor after the Auto Pact rally. "Our perspectives have become distorted". The primary objective should be, when crisis comes, to make contacts in the trade union movement (the CP is in a much better position than we, even though they are bankrupt -- but better organized.)

Credibility means to the working class that we have leaders in that movement. We must have socialist as well as nationalist consciousness -- or wafflers will make mistakes, like those in the Sociology dept (U of T, which brought discredit to Waffle).

Jim says we must end the debate because its about nationalism. "But we are in agreement about nationalism -- the debate is about strategy."

We want a debate -- but all there's been is a debate over debate in Toronto. We do not disagree on economic analysis -- but on strategy. We are disturbed by the feeling that if debate continues some members must leave.

The minority must stay and struggle -- we are not going to leave, even if Section 8 is passed.

#### John Smart (Ottawa)

#### Parts on

Waffle is in fundamental crisis -- cannot continue as in the past. XXXXX what kind of Waffle we want -- was passed by 18 to 12.

(reads sect. 8 points out debate 2 years old, old oppositions defeated. It is impossible to carry out the program. The Alternative strategists have prolonged the debate but will not be able to give leadership)

(reads own document on 1974 opposition)

On Part 3, our decision to hold mass meetings and public events is correct.

Opposition mistakes the form of a Leninist party with the content of a Leninist party.

On Part 5, which notes Waffle cannot be effective instrument in future because of debate. Section 8 was defeated by vote of 18 to 15.

I wrote a new document after these votes.

It deals with US influence in Waffle, and the failure of Canadians in Waffle to recognize this danger.

Quotes section on what self-respecting Canadian group would be influenced by American citizens.

#### Dave McNally presenting paper

"Smart's contribution not healthy"

I have a sense of crisis in Waffle, "a feeling of impending doom"

I don't want to see a split -- however debate is essential -- you have to learn how to discuss, operate on the basis of majority decision. I and Cook will abide by majority decision.

Sect. 8 is detrimental. Are we anti-nationalist? anti-mass work?

No self-respecting socialist organization would allow this type of argument.

Are American and stray Canadian elements conspiring against leadership?

Question is one of strategy. We are not at present the mass party we want to become. Waffle needs re-examination because it is declining at a time

~~W-3~~ of capitalist crisis. We must have a "marxist analysis.

Exec. position poses first as "left-nationalist government", which I challenge. (JIM; this is not 2 stages, but 1 struggle.)

If the struggle is simultaneously for independence and socialism, why are we talking about a "left-nationalist regime"? Why are there no anti-imperialist demands? If there are 2 phases, what "inevitability" is there for extension of nationalist stage to socialist stage? The contradiction in the concept of "left-nationalist regime" is now can workers power be established without smashing the state and forming a "workers' state"?

Waffle has not tried to sink deep roots in the labor movement. "We can't just put our analysis forward" -- working class consciousness comes out of political and economic struggle. We must become part of a rank & file opposition causes ~~in~~ within the trade union movement -- as a priority, with public activities and election campaigns also.

The trade union leadership will be unable to meet the challenge of the ~~coming~~ capitalist crisis.

We opt for a working-class party based on coming to power with integrated nationalist and socialist demands, taking on the capitalist state.

We do not opt to become a "socialist center" (Jim Laxer's concept, but a party).

#### Virginia Hunter presenting paper on criticism

What bothered us about the debate was that the two sides are not "two alternatives". Levally has not a fully worked out position, has only worked "towards" one.

How can we choose one or the other without any real discussion. I hope we come up with a compromise.

- criticise the Exec. document which proposes "major changes", "a new epoch", an accentuation of de-industrialization leading to an increase of nationalism -- I had questions about this. Document is rather formal, though generally correct in its analysis.

It doesn't take sufficiently into account the complexities of workers' consciousness. Many unionists do not have some sense of nationalist sentiment.

I do not accept section 8 which is a disservice to our movement and which cuts off debate and simply labels the opposition. Some questions in the Alternative position are valid and must be discussed

(Reads her paper)

We need self-criticism, of the suggestion to replace the NDP as a mass party -- we are in no position to form such a party -- it's ludicrous to do so.

Are these people hurrying us into new predictions towards another setback? We do not have an analysis of the NDP, we can't lump it together with the old line parties.

I am not satisfied with the Exec. Document and am insulted in being called part of a "mini-left", resent the witch-hunt atmosphere. I refuse to protest that I am a nationalist.

If recession is coming, we need dedicated people to act, we need an educated, trained membership to act. I propose 1) we recognize past mistakes, 2) that debate is not one of principle, but over strategy, over an evaluation of the Canadian reality, 3) that a serious debate should go on to Convention time in December

(long applause)

#### Linda Hay presenting her document

This document is on the existence of fundamental, principled differences in Waffle. It is not a compromise position.

(reads her document)

Afternoon session - 5-minute contributions on papers - EXCERPTS

JIM LAKER

LAKER: On McNally's claim that Exec. report is a 2-stage revolution: the working-class coming to power in a left-nationalist government can only be secured by moving in a socialist direction (the Bolsheviks did not come to power on a socialist program).

If we were calling for a coalition, it would be two stage concept, but it is a one stage revolution calling for working class power.

It would be appropriate for us to develop a theory of the state but rising the question of the exact nature of the transition of power is academic Marxism. Constantly having to turn to this debate is the cause of the problem, why you say "we don't really trust you guys". If people feel this way, they don't belong in the organization, they can't make a contribution.

JOHN HUTCHESON: The Exec. document is the document to situated Waffle in real politics. The Alternative group inside has fundamental differences with it, and the debate has weakened Waffle.

Cook brings his ideas on nationalist from outside the movement. He doesn't understand the class nature of Waffle nationalism.

When a certain university professor lectured us on the dangers of Canadian nationalism, no one objected. We must make a choice; Cook wants to reject our understanding and contribution -- a vote for his position is a vote to totally destroy Waffle.

LINDA HAY: Cook says lots of Canadians are not socialists. That's true, and that's why we must integrate ourselves.

Does Cook think nationalism is progressive? Their paper is not nationalist. They say "the connection between socialism and nationalism is tenuous" -- this is very strange.

McNally says "Socialist consciousness is higher than nationalist consciousness" -- I am puzzled by this. McNally goes on: "Left nationalism leads away from socialism" -- if so, Canadian nationalism is reactionary.

You people should go your own way -- people ~~xx~~ should honestly recognize their fundamental differences.

ANN MARTIN (est 'etro): The alternative position advocates say attempts at co-opting nationalism will take place. The Exec. position is these attempts will merely fan the flames of working-class nationalism, that co-opting concessions will be "cosmetic". The opposition thus rejects the progressive nature of Canadian nationalist sentiment.

If co-optation by the state can undercut working-class nationalism, if working class can be satisfied, then nationalism is not a vital movement.

Ultimately, the Alternative strategists are anti-nationalist, continentalist.

JAMES MCNALLY (est 'etro): The debate is not on the nationalist question.

When I spoke of "smashing the state", what I meant was that Capitalism is not only an economic but political system -- the state is its instrument of rule -- the question is how to replace bourgeois rule, and not an academic ~~xxx~~ point. Imperialism is a social system as well as an economic one.

When Laker says that anti-Americanism is internationalism, it's not true. We must come to terms with the failure of the party in the past, and the debate must go on.

GORD LAKER (est 'etro): Is this a debate on strategy? To some extent, but also on fundamental premises. McNally and Cook write much on economics, but have no content on nationalism -- their nationalism is symbolic.

They have a mechanistic approach toward economic and national demands (for example jobs, they are vanguardist, elitist in their approach). We need a lot of Marxist education but in a mass ~~xx~~ party many will not

be well read. They want a party for the working class but not OF the working class. The question is how do we sink roots in the working class.

HAWLEY ---(?) (North Metro,: Is book really a continentalist? Canadian nationalist cannot be totally co-opted, but the Canadian state has some room to manoeuvre

Workers don't spontaneously come to socialism -- capitalist (ideological) hegemony is complete -- but workers are not idiots, they must be broken from the state ideology.

Waffle needs internal discussion for its members to become Marxists, in order to explain their ideas to workers. Members now cannot explain Waffle politics adequately.

Laxer did not talk about "left nationalism" a year ago. And Hay is now calling for Waffle to become a "socialist center" -- a sort ofopian one?

J. H. COOK (North Metro): The alternative papers detract from the Exec. paper. I have not been wasting my time organizing against the Exec. -- against a "claque". The trouble is caused by Americans coming over to Canada.

In India they did not call upon the English to free themselves (Cook: you should have been in England)

It was a mistake to let Americans lead our movement -- they can help us but not lead our movement.

J. H. COOK (Ottawa,: I would have said Waffle is the road to socialism a few months ago. I am a Marxist, revolutionary -- but I am attached to the movement and the sharp things I say are a result of this.

I also wrote that we are facing revisionism...in the Canadian left. The revision is around the national question, not the class question.

We should be debating the illegal use of Waffle mailing list by McNally.

The alternative position is tainted with liberalism. I will leave if revisionism is in the majority in Waffle.

J. Y. ACKERBELL (North Metro,: I want the debate ended, because I am for nationalism and we decided it was progressive long ago.

McNally & Cook are inward-looking, want a small movement -- they are negative and don't point out what we should do.

We don't need intellectuals who can't communicate in Canadian English.

We lack sufficient follow-up work, trade union work, because of the debates taking place. We must settle the issue now if Waffle is to move forward.

waffle council mtg. (p6)

57 delegates, about 30 observers  
representation 1 delegate for every 8 to 10 members

following waffle campaign in East York, Dave McNally of West Metro sent document by mail to all Wafflers criticizing campaign

--dropped slogan for soc. & ind. Canads, not enuf labor orientation  
-- too personalized  
--platform not democratically decided upon

~~McNally-Hull document~~  
~~Ral. h Cook doc~~ both presented at last mtg. before council, crisis breaks

opposition bloc sweeps Metro West, East and North  
Exec. position maintained in Ottawa, Kingston, London tho opposition strong in Ottawa & Kingston.

Delegates elected from Hamilton, Brantford and perhaps other points by out-of-town ~~de~~ members.

Hamilton-Walsh-Cec Taylor split

Executive operating as close group went to Ottawa with intent to split,  
regardless  
--did not have majority.

public meeting cancelled, on excuse of debate

both sides arrived, neither organized, no special agenda or proposals.

EL discussion on ~~Margaux~~ myself that I not associate with either position at this time. Contact with Virginia, who presented a paper.

Proposed hear 6 documents with 20-minute presentations.

Discussion continued until 7:30 PM.

--leadership met diverse opposition head-on with clear decision not to compromise and read them out of movement.  
--slandered opposition as "anti-nationalist" "americanized mini-left"  
--anti-americanization extended to Wafflers, under threat of Sect. 8 of Exec. document.

--clear split imminent.

Cook-McNally take initiative to have all docs tabled

--Jim Laxer, Leo a\_ inst, McNally, Hunter for, passed 29-26.

Sat nite: caucus mtgs.

--Gord Laxer supposedly for remaining in.

Sunday: more caucusing, Executive demands to un-table Exec. Doc. Debate, Walsh calls for time. Chair challenged, upheld vote 30 to 18 for un-tableing, but not sufficient 2/3rds.

Ottawa local walks out, after statement (Walsh, McNally & Cook had tried accord over Sect.8) to "resist our waffle"

Attempt to continue with agenda met with walk-out of leadership forces in un-organized fashion.

Remaining group of about 24 delegates and 10 observers after debating whether Ottawa had quit Waffle decided to dissolve Council  
Elected pro tem committee of 1 person from each of 7 or 8 clubs & areas, plus

(p.7)

a st vring committee to find out what Exec. walkout meant

-- had分歧 on significance of debate and decided issue was party  
democracy before and during the debate opened up.

did not seem to be sure a split had taken place, has perspective of  
remaining in Waffle if leadership permits it.

obvious split has taken place

---

we need to discuss perspective of Waffle

how to intervene with "rum group"

important forces set adrift -- with splits in T'st mvt. CP is discussed  
seriously, even if not a serious perspective.

# For working people in York West, Jim Laxer is the strongest candidate

Jim Laxer, a recognized authority on the energy crisis, is the author of the new best selling book, **Canada's Energy Crisis**, which has received highly favourable reviews across the country.

Jim Laxer, 32, is well known to Canadians. In 1969 he co-authored the Waffle Manifesto For An Independent Socialist Canada. The Manifesto called for a socialist programme to achieve Canadian independence, to take control of the Canadian economy away from the American corporations and place it in the hands of Canadian working people.

In April 1971, at the age of 29, Laxer ran second to David Lewis for the federal leadership of the NDP. In the field of five candidates Laxer lasted four ballots, winning 612 delegates or 38 per cent of the total.

In 1972 Jim Laxer, as a member of the Waffle, left the NDP and is now on the provincial executive of the Ontario Waffle.

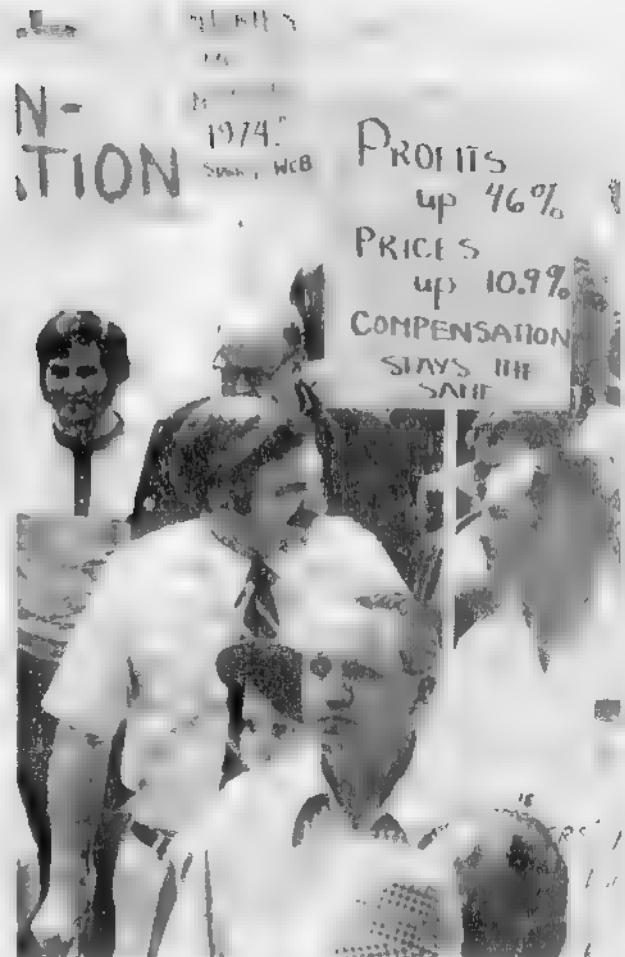
In the past three years he has spoken out on the issue of American control of the Canadian economy at dozens of public meetings in nearly every province in the country.

On such TV programmes as the Pierre Berton Show, Take 30, W5, Weekend, Under Attack and Canada AM, as well as on several dozen open line radio shows, Laxer has become a familiar voice in Canadian political debate.

Laxer is now an assistant professor of political science at Atkinson College, York University.

He is a lifelong resident of Toronto and is married with a three year old son.

At all-candidates meetings in York West it has been evident to many voters that Jim Laxer would be the strongest voice in Ottawa to represent York West.



## People in York West are turning to **Jim Laxer** of the Waffle

# Some of the well-known Canadians who support Jim Laxer



JUNE CALLWOOD

Well known columnist in Chatelaine and MacLean's, T.V. and radio personality. Active in community and social organizations.



MEL WATKINS

Author of the Watkin's Report on Foreign Ownership. Outstanding Canadian economist.



BRUCE KIDD

Olympic track star, sports writer. Teaches physical education at the University of Toronto.



GEORGE GRANT

Teaches in the Department of Religion, McMaster University, Hamilton. He is the author of Lament for a Nation.



MEL HURTIG

Canadian book publisher.



ARCHIE WILSON

Plant Chairman of 4,000 member local of the UAW in Douglas Aircraft. Member of Bargaining Committee. Well-known to many fellow residents in York West.

## Vote to end U.S. control of Canada

Canada needs a new economic strategy aimed at achieving Canadian independence and at advancing the interests of working people.

At the centre of U.S. control of Canada is the control of resource industries by U.S. corporations. Canadians must own and control their own resources industries.

And the best way to do it is by establishing full public ownership of Canadian resource industries.

This way our resources can be used as the basis for manufacturing in Canada.

Only this policy can guarantee jobs for Canadians in the 1970s.

# Make your vote count

Jim Laxer of the Waffle is the strongest candidate to represent working people in York West.

You already know where Laxer stands on the issues because his supporters have been at your door with two leaflets outlining the Waffle's policies. Thousands of working people are now asking whether a vote for a candidate who is not a member of one of the three major parties counts for anything.

It can. With Jim Laxer as our federal member, the problems of working people will get daily attention—not the income-reducing policies of the old line parties you have experienced in the past 18 months.

One member of parliament cannot change the world. But one member of parliament dedicated to the interests of working people, who is not a cog in a political machine, can raise the issues in a completely new way. He can help to organize people to press for higher real incomes and a new industrial strategy for Canada. If you're tired of being the victim of the profit making corporations that walk all over working people, then send an effective voice to Ottawa.

Jim Laxer will fight for a socialist economic policy aimed at ending the control of Canada by U.S. corporations.

By using Canadian resources to create industry in Canada, we can provide jobs and decent living standards for Canadians.

A first step in such a policy would be to establish a publicly owned oil industry in Canada. Canadians need no longer be the victims of price increases and profiteering by foreign owned oil companies.

Threats to our purchasing power and job security are serious. The situation facing working people is serious. We need a serious response.

Electing Jim Laxer will make it clear that working people in York West want action. Voting any other way will mean leaving things as they are.

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Cover page: In June, 1974 the Union of Injured Workers held a march to demand just compensation. Jim Laxer marched as an invited speaker.

Glen Bell, Official Agent.

# Canada should belong to its working people

By Voting for Jim Laxer you will tell Ottawa that you want: Immediate price controls on food, clothing and housing without wage controls.

A publicly-owned housing construction industry to provide homes at cost. Re-opening of all labour contracts

The right to strike; an end to anti-labour laws and compulsory arbitration

The same pay for women as men, and equal access to better paying jobs. Minimum wages and old age pensions that allow people to live with dignity and security

## CANADIAN INDEPENDENCE AND SOCIALISM

Canada cannot become an independent country unless the vast majority of people, the working people of Canada, take control of the nation's future. Canada's businessmen have been only too happy to sell our country's future to American corporations.

We cannot rely on them to win Canadian independence. The people of Canada can only rely on themselves.

No political party can achieve this goal by simply putting it forward in an election campaign. Only when Canadians, together, struggle for this goal can it be achieved

And only a socialist programme, designed to replace private foreign ownership with Canadian public ownership can assure control by the people of Canada.

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# LAXER, Jim



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FOR INFORMATION: Phone 245-1533  
1814 Jane St.

# THE WAFFLE AND THE NDP

(Founded in 1974)

Some voters in York West have asked us about the differences between the Waffle and the NDP, and why they should vote for the Waffle candidate, Jim Laxer.

First, most of the people who are now in the Waffle used to be members of the NDP. Jim Laxer was in the NDP for ten years. Mel Watkins, author of the well-known Watkin's Report on Foreign Ownership in Canada, was an NDP activist for a long time. Also included in the list of prominent Wafflers who were formerly in the NDP is Archie Wilson, who lives in York West and is one of the most popular trade unionists in the UAW Local at Douglas Aircraft. These people, and many others now active in the Waffle, left the NDP when Stephen Lewis and the bureaucrats of the American unions in Canada rejected policies for public ownership of resource industries.

Stephen Lewis and the top union leaders demanded that the Waffle disband as a group in the NDP or face expulsion. Waffle members believed that the threat to Canada from US control of our country was so great that it was necessary to continue the Waffle as an independent group.

In 1972 the Waffle began as an organization outside the NDP. Its main concern has been to build a movement to gain Canadian independence from US control.

What distinguishes the Waffle from the NDP is the Waffle's five-year record of campaigning for Canadian independence through public ownership of resource industries and a new manufac-

ing strategy to produce in Canada more of the things we need, cars for example.

An alternative industrial strategy would mean more skilled jobs for Canadians and full control by Canadian working people of their own future. That is why we are working for an independent, socialist Canada. It would be a Canada that truly belonged to its people.

## NDP'S ALLIANCE WITH THE LIBERAL GOVERNMENT:

Contrast this with the record of the NDP during its 18 month alliance with the Trudeau Liberal government. Under the leadership of David Lewis, the NDP supported the Trudeau oil policy. Under pressure from the Blakeney government in Saskatchewan, the NDP caucus supported the higher oil prices for Canadians. Now they complain that the price increase was more than the 7¢ per gallon that they agreed to and that the increase occurred a month too soon. They worry about the corporations taking some more of the icing without caring that they are taking most of the cake.

In fact the NDP even claimed that the oil price increase was a victory. In December, 1973, David Lewis said: "I can tell you now, on the basis of the fact that Mr. Trudeau has accepted our programme, it is a total victory for the people of Canada and for NDP policies."

Of course during the election campaign Mr. Lewis tries to imply that his oil policies

are different. But why didn't we see those differences during the past 18 months when it could have made a difference to the price that we are now paying for gas?

The simple truth is that the NDP differs little from the Liberals and Conservatives on oil policy. They accept a policy that allows American oil companies to reap the largest profits in history while the working people of Canada find their standard of living reduced.

#### FOREIGN OWNERSHIP:

The NDP claims that it will "control the expansion of existing foreign-owned corporations." They talk about "public control by public ownership or joint participation with private industry or other means." The NDP can't make up its mind about control just as it can't decide exactly how much profit is "excess" profit.

The fact is that giant American corporations can't be "controlled" by "joint participation" or "other means." The NDP is right to claim that the record of the Provincial NDP governments shows what can be done. It shows that nothing can be done by refusing to recognize that ownership is the key to control.

The failure of the three NDP Provincial governments to deal with the undesirable export of resources speaks louder than inflated campaign promises. Within the context of NDP policies, Mr. Lewis will never be in a position to tell the corporations "to get the hell out of here" as he boasted. His policy of alliance with the Liberals speaks louder than campaign speeches.

#### PUBLIC OWNERSHIP OF RESOURCE INDUSTRIES:

The only way to control the resource industries is to place them under public ownership.

A policy of public ownership of the whole of the oil and gas industry could give us oil at reasonable prices and enable us to use our resources to build Canada. We should stop the profits going to the American oil giants like Exxon, Texaco and Gulf. The money could be used to create manufacturing industries and house construction in Canada.

The oil price increases have been a major factor in the rampant inflation that is now reducing our standard of living. The Liberals claim that nothing can be done about inflation except to keep cool. The Conservatives are split on the issue, though Mr. Stanfield promises a policy of prices and incomes control. In practice, such a policy would mean control of your wages.

David Lewis says he opposes wage control. Yet Premier Ed Schreyer of Manitoba says that price controls are impossible without income or wage controls. And Premiers Blakeney and Barrett have also indicated that they are not opposed to incomes control. Once again there is a choice between the campaign promises and the record of government policies.

#### MAKE YOUR VOTE COUNT FOR CANADIAN INDEPENDENCE:

In this election you have a choice. You can waste your vote on the policies and unreliable promises of the old line parties. Or you could consider taking a stand in favour of Canadian independence and against U.S. control of Canada. You could vote to end the policies that are causing inflation and reducing your standard of living.

**VOTE FOR JIM LAXER AND MAKE YOUR VOTE COUNT.**

(cont)

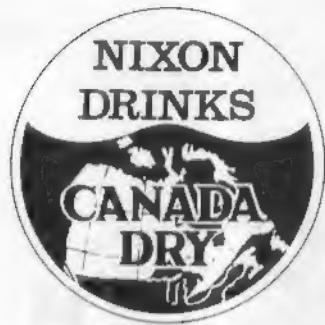
# Movement For an Independent Socialist Canada



*"Capitalism must be replaced by socialism, by national planning of investment, and by public ownership of the means of production in the interests of the Canadian people as a whole. Canadian nationalism is a relevant force on which to build to the extent that it is anti-imperialist. On the road to socialism, such aspirations for independence must be taken into account. For to pursue independence seriously is to make visible the necessity of socialism in Canada."*

*The Waffle Manifesto, 1969.*

**Waffle**  
**ONTARIO**



*The Ontario Waffle . . . demonstrates against the continental energy deal September 1970*

## The Waffle's History

The Waffle is the most recent manifestation of a long tradition of progressive organizations and movements on Canada's political left. Throughout our country's history, there have been people who saw clearly the injustices rooted in the very nature of capitalist society and who feared the consequences of Canada's increasing role as a satellite in another country's empire. Today as our absorption into the American orbit affects every aspect of our national life, the need for an organization that will call for Canadian socialism and Canadian independence grows more pronounced every day.

The Waffle group was born when progressive members of the New Democratic Party realized that the party's politics were moving away from the issues of independence and socialism. At the NDP's Winnipeg Convention in 1969 this group presented the Waffle Manifesto, "For an Independent Socialist Canada". Supporters of the Manifesto worked within the NDP for three years as a left caucus. At the same time as they worked for change within the party, Wafflers raised the issues of socialism and independence publicly through research, education, conferences, demonstrations and strike support work. By the summer of 1972 the leadership of the NDP in Ontario could no longer tolerate the presence of a left-wing within the party. At the Orillia Provincial Council meeting in June, the Waffle was ordered to disband.

Wafflers met at London, Ontario, in August of 1972 and reconstituted the Waffle as a movement for socialism and independence outside the NDP. Then began the long and difficult task of building a democratic political movement dedicated to an independent socialist Canada. The movement is growing. Won't you join us?

## The Waffle's Position . . .

### on Independence and socialism in Canada

Canada's branch plant economy along with our politics and our culture is subservient to the interests of the U.S.-based multinational corporations. As we seek to build a socialist society — an equitable, humane, and democratic society, we must fight as well for the repatriation of our economy. For the working people of Canada the struggle for socialism and the struggle for independence are one struggle.

### on Labour

The Canadian labour movement is dominated by American-based international unions. As the U.S. leadership of the internationals takes an increasingly protectionist stance in support of President Nixon's trade policies, Canadian workers find their jobs threatened by the very organizations they built to protect them. For this reason the development of Canadian control of the Canadian trade union movement is of the utmost importance. Wafflers in and out of the union movement in Canada seek the best means of achieving this control.

### on Canadian resources and the American empire

As the American empire enters a critical period and increasing competition from Europe and Japan, the U.S. has in turn put the economic squeeze on its junior partner, Canada. We are being forced more and more to be a supplier of raw materials for American industry and a market for American manufactured goods. We must put an end to this double squeeze — must halt the resource sell-out and safeguard manufacturing jobs in Canada. The Waffle believes that this can only be done if Canada's resource industries are publicly owned and controlled by the working people of the country.

### on Quebec

Since the beginning, the Waffle has supported the right of self-determination for the people of Quebec. We join with Quebecois socialists in viewing our mutual position as: Two Nations — One Struggle. Where English Canada and Quebec face common problems, for example with relation to the United States, Wafflers believe that it makes sense for us to work together in common institutions to build a bi-national alliance against U.S. imperialism.

### on Women

The demand for an end to the exploitation of women is essential in the struggle for socialism in Canada. Waffle women have been especially active in working to end the double exploitation of women in the workplace, while internally the Waffle maintains a strictly observed rule of sexual parity in all elected positions.

In the past Waffle women have done effective strike support work. At present women in the Waffle are participating in organizing drives aimed at creating new unions among unorganized working women.



... helping organize the Dare demonstration  
at Queen's Park March 1973

#### on Culture

In building an independent socialist Canada we are engaged in building a socialist culture based on this country's unique history and traditions. The Waffle has been active in encouraging both the development of a consciousness of that history and the emergence of Canadian cultural activities. Having an educational system which relates to Canadian reality and to Canadian working people is a necessary part of the cultural struggle. At the university level the Waffle believes that two-thirds of all teachers must be Canadian citizens with no more than 15% of the remainder from any one foreign country.

#### on building the movement

The political content and the strategy of the Ontario Waffle is determined by the members of the organization who belong to the dozen local groups which now exist around the province. Current activities include in-depth research into critical issues in contemporary Canada, large-scale educational activities, local and provincial conferences and meetings and the publication of a monthly newspaper, ONTARIO WAFFLE NEWS. Wafflers develop political action through issue-orientated campaigns, strike support, and demonstrations. During 1973 the major political focus of the Ontario Waffle will be a provincial campaign on resources and de-industrialization. Wafflers are determined to stop projects like the Mackenzie Valley pipeline and to map out a comprehensive national resource development policy based on a socialist perspective on Canada and the world. We will also be fighting against further job losses in Ontario due to Ottawa's acceptance of American trade policies. Much still remains to be done — your support and your active involvement are needed.

ONTARIO WAFFLE  
Box 339, Station 'E'  
Toronto, Ontario

I wish to apply for membership in the Ontario Waffle Movement for an Independent Socialist Canada. Minimum Fees (\$5 for Income Earners and University Students; \$1 for non-income earners) include subscription to Waffle News.

I wish to subscribe to Waffle News at \$3.00 for 12 issues.

I wish to donate to the Ontario Waffle or to the Ontario Waffle News.

Name \_\_\_\_\_

Address \_\_\_\_\_

Union or Professional Organization \_\_\_\_\_

Telephone \_\_\_\_\_ Date \_\_\_\_\_

Amount \$ \_\_\_\_\_  
(Make cheques payable to Ontario Waffle or Ontario Waffle News)